

IN THE SPECIFICATION

Please revise the first full paragraph on page 10, as follows:

To address the effects of other variables on demand profiles, we perform a model-based clustering procedure on the same second set of merchandise. This model includes seasonal indices, markdowns, promotions and inventory levels. It partitions the second set of merchandise into clusters with "similar" profiles for these variables. Here, similarity means that all members of a cluster have identical (or almost identical) seasonal indices, markdown and promotion sensitivities, as well as inventory effects. This corresponds to claim 1, step iv. ~~Details of this last procedure are preferably given in copending and commonly assigned U.S. patent application Serial No. _____, the disclosure of which is incorporated herein by reference.~~